

## **HCR Clean Energy Initiatives CEI Program**

### **Questions and Answers**

**Q1: Our consultant has an Energy Services Team that would like to serve as a Green Building Consultant and HERS rater for the project. The Energy Services Team will assist in design systems for energy efficiency and green building programs, create an energy model for the project, ensure the project is meeting the HCR Sustainability Guidelines, apply for any NYSERDA or HCR incentives, provide utility cost estimates, manage the Enterprise Green Communities process, inspect the building during construction, and carry out final test out to ensure the buildings are meeting program requirements. Is it acceptable to HCR for their team to carry out these roles?**

A: Whichever consultant an applicant chooses would need to meet the qualifications laid out in the incentive pathway (NYSERDA), or third party certification requirement. HCR cannot provide approval without knowing which path is chosen. For example, the consultant may need to be qualified or hold certifications as a LEED AP if they are pursuing LEED or have the ability to do certain required commissioning (CEM).

**Q2: CEI Phase 1B didn't mention the interest rates and terms that are included in the 2022 version. Can this change be explained in more detail?**

A: All Phase 1B and 1A projects had the same or similar terms applied that aligned with other subsidy sources the agency offers. CEI is now a program that can be requested and has term sheets which share the requirements including the interest rate and terms prior to application.

**Q3: When do I apply for CEI funding?**

A: All applicants interested in requesting CEI funds must do so at the time of their regular 9% or 4% application submission. As per the term sheet, CEI funds are only available to projects that are awarded either 9% LIHTC or awarded 4% HFA Tax-Exempt Bonds and Subsidy Financing, as listed in the term sheet.

**Q4: What is the role of the Technical Assistance Provider (TAP) for 2022?**

A: The CEI assigned TAP for any awarded CEI project will continue to provide program compliance support for HCR, as well as support the development and design team if needed on finalizing design to ensure a high performance building is achieved. The TAP should be seen as an additional resource to the full development team and is NOT responsible for certifications of third-party standards or performing any on site commissioning or testing for the project teams (but may be on site during those activities as needed or requested).

**Q5: At what point do the CEI funds get disbursed?**

A: CEI funds will be disbursed alongside all other subsidy sources the agency deploys.

**Q6: The Advanced Levels of Energy Star Certification that was included in the pilot was left out of the CEI term sheets. Was that intentional?**

A: We aligned the CEI program with HCR Sustainability Guidelines Stretch Goals, and Energy Star Certification is not a pathway for New Construction to reach a stretch goal.

**Q7: One of the criteria for CEI Boost Eligibility is “A building that results in a whole building modeled energy operational costs below \$1,000/unit a year for all energy uses. Modeling must be submitted to demonstrate compliance.” Does this mean yearly energy costs for all spaces, including apartments and common areas/amenity spaces divided by the number of dwelling units?**

A: Yes that is correct. Only exclusion would be retail or commercial space.

**Q8: If we are building an ERI energy model for certification under EGC Plus, we will not have the energy usage of the common areas modeled. Could we use a spreadsheet approach to document the energy usage of the non-apartment spaces?**

A: That would be acceptable, please be sure the calculations are clearly laid out, base values and assumptions.

**Q9: Would HCR only accept whole building energy models (e.g. ASHARE or Wufi Plus) to demonstrate whole building energy costs?**

A: An applicant can default to a model that is compliant with the third-party certification and provide back up information, as long as it is detailed and the assumptions and baseline values are visible (not hidden behind formulas) so the HCR team can evaluate and confirm feasibility. If the material that is submitted is not substantiated sufficiently it may impact HCR’s ability to award the boost or CEI funds, which could leave a gap in the project, since this is now part of the baseline application.

**Q10: If an applicant wanted to seek the Boost incentive, only preliminary energy modeling would be completed at the time of application. Is it correct to assume that final verification of Boost Eligibility would be based on the 100% construction document energy model?**

A: Similar to other funding awards, there will be finalized material required for submission before construction loan closing. If an applicant is seeking the CEI boost, finalized energy modeling based on the final construction drawings must be provided that confirms the boost eligibility is being obtained.

**Q11: The New Construction CEI Term Sheet states “CEI funding: \$5,500/unit for projects that comply with all New Construction (NC) Sustainability Guidelines Baseline Requirements and reach one of the Section 1 Stretch Goals of the New Construction Sustainability Guidelines [LEEDv4.1 Zero, 2020 EGC Plus, Passive House (PHI/PHIUS)].”**

**a) Does that mean that CEI projects will need to meet the Baseline Requirements of Section 2 or seek a waiver?**

A: The New Construction Sustainability Guidelines allow for projects pursuing a STRETCH goal in section 1, to skip section 2, and move to Section 3.

**b) Does this mean that CEI projects do NOT need to meet the Stretch Requirements of Section 3?**

A: Choosing a stretch goal in one section or area of the Sustainability Guidelines, does NOT mean an applicant has to choose a stretch goal in any other section or area of the document. Stretch goals are not dependent on one another.

**Q12: Is there a copy of the CEI application ready yet? Will it require the same Excel tool as the pilot did, or will it be different?**

A: Applicants wanting to apply to CEI must apply through the regular 9% or 4% Application, which includes Attachment D6 and Exhibit D3 on the 9% side and tabs M-1 and M-2 on the 4% side. There is a specific portion of these attachments where the applicant should follow the full instructions and attach the requested material if interested in applying for CEI funds.

**Q13: For projects that receive a CEI approval, what deliverables are needed over the course of the program to verify certifications? And at what stages of the project life cycle?**

A: Please review the term sheet for a list of required data sharing for any project awarded funds. Depending on the third party certification pathway, the Technical Assistance Provider will discuss during a kick off award meeting the specific deliverables that will be required per project to show compliance during design completion and construction.

**Q14: Are there any rules against pairing CEI awards with the new expanded federal 45L tax credit?**

A: Any source should be listed and disclosed within the application, including tax credits. There is no specific restriction at this time on tax credits and CEI funds, other than full disclosure of sources, unless otherwise listed as ineligible on the CEI term sheet or disclosed in future clarifications.

**Q15: One of the CEI New Construction Boost Eligibility requirements states “A building that results in a whole building modeled energy operational cost below \$1,000/unit a year for all energy uses. Modeling must be submitted to demonstrate compliance.”**

- a. Are there specific required and acceptable energy modeling software? (ex ASHRAE 90.1, WUFI, HERS Ratings)?**

A: There are no specific software required at this time, but the team must ensure the models are reflective of actual rates for the building location and would encourage teams to use a modeling software that aligns with one of the teams chosen third party certification standards.

**b. Does this include only apartment uses, or even common area energy use attributed to units on a per unit basis?**

A: The Energy model should include full building energy cost per unit, including all common area and apartment spaces, but CAN exclude commercial or retail property space should it be a part of the project.

**c. If including common areas, how would projects following the ERI pathway of energy star best show compliance?**

A: To pursue CEI New Construction, a Stretch third-party Certification from section 1 must be pursued which all require some form of whole building energy analysis. The project team should follow their chosen pathway through that certification program to show compliance.

**Q16: One CEI New Construction Boost Eligibility requirements states “Project teams (all owners and architects) that have not completed a certified Passive House project at the time of application.” What defines completion of a Passive House? Would architects/owners who are in progress on Passive House projects but have not yet received official full certification count? Or would this be based on having received design certification only?**

A: The CEI New Construction Term Sheet Boost Eligibility requirement states that if the project team including **BOTH** the Architect and Owner teams have not certified (completed) a Passive House project at the time of project application they would be eligible for the boost.

**Q17: LEED Gold + LEED Zero Energy is listed as one option to meet the stretch sustainability standards in Exhibit D-6. Assuming this requires both LEED certification at the end of construction and LEED Zero Certification which occurs 1 year after completion with a minimum of 50% occupancy.**

**a. How would the LEED Zero Energy program compliance be proved to HCR through design and for permanent closing considering some projects move to permanent closing prior to 1 year of full occupancy such that the formal LEED Zero Certification may not be issued yet?**

A: CEI recognizes LEED Gold or higher **AND** LEED Zero certification as an eligible CEI certification pathway. The HCR Regulatory Agreement will include language that require the project team to submit LEED Zero paperwork when applying and provide operational data to HCR. CEI fund disbursement will not be held beyond permanent closing for projects that chose this path, but will be required via their regulatory agreement to obtain and work towards the post lease up goals set forth in the LEED Zero pathway.

- b. Is off site solar purchase to achieve LEED Zero Energy an allowed option, or does all solar PV need to be on site?**

A: The project team should include their approach in the application, we do not currently specify a required path for compliance. However, the off-site solar facility should not be considered or presented as integral to the project site or budgets. The project team should describe in their application the plan for purchasing of off-site solar, including funding sources secured for that purpose. HCR and CEI funds will not cover those expenses.

**Q18: The existing building CEI for the ventilation section seems to require both a natural ventilation design in compliance with ASHRAE 62.1 6.4 natural ventilation AND installation of mechanical ventilation via ERV's for all spaces.**

- a. Is that correct?**

A: That is not correct. Section 2 of the Existing Buildings Chapter is written to comply based on the project.

- b. Is an ERV or HRV required for all spaces in the building including all apartments?**

A: In the baseline requirements, no, it is not required. The stretch requirements for ventilation say ERV/HRV equipment in dwelling units **and/or** public spaces. Based on this wording, CEI funding would be made available for either case with less funding provided if the ventilation strategy is only applied to common areas.

- c. Is the natural ventilation criteria also required to be met? If so, there may be some existing building projects that may not have the access to operable windows, if this is the case are waiver requests allowed for individual projects with spaces that are not fully naturally ventilated?**

A: Section 2 of the Existing Buildings Chapter is written to comply based on the project. If the building has natural ventilation, the project must comply with item c. that requires natural ventilation of existing windows to meet current code for light and air IF window replacement or repair is included in the scope of work. If there currently is no mechanical ventilation system, there is no requirement to add one in the baseline requirements for existing buildings substantial rehab or mod rehabs.

**Q19: The existing building CEI for electrification of heating includes the statement "Demonstrate existing envelope or envelope with planned improvements will comply with 2020 NYSECC prescriptive values".**

- a. Is a whole building UA alternative calculation allowed?**

A: Yes.

**b. Is blower door testing required to meet the prescriptive testing requirements of the 2020 NYSECC, or just envelope insulation levels?**

A: Yes, that would be one way to confirm. HCR would also accept a self-certified letter from an Engineer or Energy Manager documenting the existing conditions are in compliance by complying with infiltration requirements through testing or the prescriptive requirements detailed in NYSECC. Both insulation levels and infiltration levels are considered.

**Q20: Can you clarify what code sections are required for projects to be considered in compliance with the NYSECC for Goal 1 Option 1 CEI?**

Two options are presented with the intent of ensuring a well-insulated and sealed envelope to reduce load prior to electrifying heating systems. The first option relies on demonstrating compliance with code and allows project teams to consider existing conditions as well as planned improvements. The second option allows project teams to demonstrate the *existing* envelope conditions are satisfactory through heating load as a proxy. The project team should first determine if the project is designated as Residential or Commercial and then follow the applicable requirements detailed in the 2020 Energy Conservation Code of NYS if Option 1 is pursued. Project teams are required to follow all mandatory requirements required by code for any alterations, repairs, or additions even if not explicitly stated in the CEI Term Sheet. The team should determine which mandatory and prescriptive code requirements pertain to the scope of renovations and demonstrate how the design intends to comply with all requirements, in some cases this will require blower door testing.

**Q21: Another question on CEI Goal 1 Envelope Option 2 “Demonstrate existing space heating load is less than 8 BTU/HDD/sf” – Can you provide an example calculation of how exactly this should be calculated for projects so we are pulling the correct information? Is this based on actual heating use for the previous year or based on future load sizing calculations? A sample calculation would allow the market to make consistent measurements.**

This calculation should be for the existing building conditions, to demonstrate the building envelope is well-insulated and sealed without additional work. Therefore, you should use total space heating energy data from at least one year, prior to any work, to perform the standard BTU/SF/HDD calculation.

**Q22: If a project meets Enterprise Green Communities Plus, does it also need to meet every HCR stretch goal? Or by virtue of achieving an EGC Plus designation (or other qualifying program), are all HCR stretch goals met?**

Projects utilizing the New Construction Booklet – if Enterprise Green Communities Plus is selected as a stretch goal in section 1, then the project is considered automatically in compliance with the stretch goals in section 2. The project is required to comply with the baseline requirements in section 3, but may choose to pursue the stretch goals in addition to the baseline requirements. Stretch goals can be selected individually.

Project utilizing the Existing Buildings Booklet – If an adaptive reuse project or substantial rehab project selects Enterprise Green Communities Plus as a stretch goal in Section 1 – they do not automatically meet the stretch goals in section 2. However, projects are not required to meet all of the stretch goals in Section 2. They are required to meet all of the baseline requirements in sections 2 and 3, but may opt to meet the stretch goals in addition to the baseline requirements. Stretch goals can be selected individually.

**Q23: You mentioned on the webinar that achieving LEED v4.1 BD&C Zero and LEED Gold would qualify a project for CEI. However, I do not see that listed on the website here:**

<https://hcr.ny.gov/clean-energy-initiative>

The term sheets and funding description have not been updated on that particular landing page, please utilize the following link and download the appropriate term sheet for your project: <https://hcr.ny.gov/fall-2022-multifamily-finance-9-lihtc-rfp>

**Q24: Can you confirm if a project complies with LEED v4.1 BD&C Zero or Gold then it is eligible for CEI?**

New construction projects who meet LEEDv4.1 Gold or higher AND LEED Zero certification are eligible for a Stretch goal, and CEI funding, per the term sheet.

**Q25: If a project installs onsite solar PV, which would therefore directly offset utility costs, can that savings be taken into account when calculating the annual whole building energy costs?**

Yes, you can include on-site solar when considering the cost of utilities per apartment for Boost eligibility, but it must be shown as a deduction in the material submitted. This is because this does not change the 'ASHRAE Path Certified + 30% source energy savings, pre- PV' for the third party certification requirement, as an example.

A project should include the reasonably calculated solar credits from on-site solar arrays to offset either the electric rate or total consumption of the whole building energy costs, based on the project structure. This should be included in the narrative of the project and include any contracts supporting the assumptions. A description of the benefits to the tenants should be included (IE reduced energy costs to tenants directly or indirectly through reduced rents).

**Q26: What about off-site solar, where there is a monetary value of the generation applied to each month's utility bill, can we use that to reduce annual whole building energy costs?**

Offsite solar arrays may not be financed by HCR and cannot be an eligible offset of costs for a project when calculating the New Construction Boost path for less than \$1,000/month of utility costs per unit.

If a project decides to include this in their deal, they should exclude the savings from calculations for CEI justification, but present any offsite contracts that would reduce utility costs or rates as part of the O&M underwriting review.

**Q27: Is 30% savings over ASHRAE no longer an eligibility option? Our energy consultant had initially asked HCR about the program and was told this was one pathway per the following website: <https://hcr.ny.gov/clean-energy-initiative>. The HCR CEI term does not include the savings compared to ASHRAE for eligibility.**

30% better ASHRAE is no longer a pathway for CEI funding. The CEI Term Sheets reference the Stretch Sustainability Guidelines booklet. The booklets can be found here:  
<https://hcr.ny.gov/sustainability-guidelines>